

AMENDED IN ASSEMBLY JUNE 26, 2003

AMENDED IN SENATE MAY 22, 2003

AMENDED IN SENATE MAY 14, 2003

AMENDED IN SENATE MAY 6, 2003

AMENDED IN SENATE APRIL 21, 2003

SENATE BILL**No. 17**

Introduced by Senator Escutia

(Coauthors: Senators Kuehl, Perata, Romero, and Soto)

(Coauthors: Assembly Members Chan, Hancock, Koretz, Levine,
Lieber, Longville, and Pavley)

December 2, 2002

An act to amend Sections 64, 480.1, 480.2, and 482 of, and to add ~~Section 471~~ *Sections 474 and 486* to, the Revenue and Taxation Code, relating to property taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 17, as amended, Escutia. Property taxation: change in ownership.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. Existing property tax law specifies those circumstances in which the transfer of ownership interests in a corporation, partnership, limited

liability company, or other legal entity results in a change in ownership of the real property owned by that entity, and generally provides that a change in ownership as so described occurs when a legal entity or other person obtains a controlling or majority ownership interest in the legal entity. Existing law also specifies other circumstances in which certain transfers of ownership interests in legal entities result in a change in ownership of the real property owned by those legal entities.

Existing law requires a person or entity that obtains a controlling or majority ownership interest in a legal entity, or an entity that makes specified transfers of ownership interests in the legal entity, to file a change in ownership statement, as specified, with the State Board of Equalization within 45 days of specified transactions, or whenever requested by that board. Existing law imposes a penalty of 10% of the taxes owed to the county on a parcel of real property if an assessee fails to file a change in ownership statement with the board within 45 days of a board request.

This bill would state legislative findings and declarations regarding the bill's purpose. This bill would also require a person or entity that obtains a controlling or majority ownership interest in a legal entity, or an entity that makes specified transfers of ownership interests in the legal entity, to file a change in ownership statement, as specified, with the board within 60 days of specified transactions *and would impose specified penalties if the statement is not timely filed or contains misrepresentations. If a person or entity is required by the bill to file a change in ownership statement and fails to timely do so, this bill would impose a penalty that equals the greater of (1) 10% of the taxes owed in the current year on all of the real property owned by the legal entity in the state or (2) \$10,000. This bill would also impose a penalty of the greater of (1) 25% of the taxes owed in the current year on all of the real property owned by the legal entity in the state or (2) \$25,000 if a person or legal entity misrepresents the occurrence or nonoccurrence of a change in ownership on a change in ownership statement.* This bill would specify that these provisions do not apply to property that is assessed by the State Board of Equalization, as provided. This bill would also make conforming changes to related provisions.

Existing law requires the Franchise Tax Board to include a question on the income tax returns of specified entities regarding changes in ownership of the entity's real property. Existing law requires the Franchise Tax Board to notify the State Board of Equalization if an entity answers "yes" to this question.



This bill would additionally require the Franchise Tax Board to notify the State Board of Equalization if an entity does not respond to this question.

Existing law requires a taxpayer to file with local tax assessors a property statement that describes, among other things, specified personal property.

This bill would require, on or before March 1, 2004, and each March 1 thereafter, a publicly traded company, as defined, to file a property statement with the State Board of Equalization that lists all of the real property owned or leased in the state by the company, as specified, and would also require the board to transmit information from these statements to local assessors, as provided. *This bill would also authorize the board to subpoena witnesses and documents to assist in determining changes in ownership and real estate ownership information.* If a company is required to file a property statement pursuant to the bill and fails to do so, or fails to file a complete statement by April 15, this bill would impose a penalty on the company, payable to the applicable county, as provided, equal to 10% of the current year's taxes on ~~all of the real property owned by the company in the state that was required to be reported but was not, regardless of the owner of that property on the date that the property statement was due.~~ This bill would specify that these provisions do not apply to property that is assessed by the State Board of Equalization, as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) For ad valorem property taxation purposes, the California
4 Constitution generally limits annual increases in the assessed
5 taxable value of real property to 2 percent of the property's
6 adjusted base year value, but requires that real property be
7 reassessed at its full cash value when that real property undergoes
8 a change in ownership.

9 (b) These rules provide a necessary protection for real property
10 owners when land values rise more rapidly than income.

11 (c) Because of difficulties in identifying changes in ownership
12 of certain nonresidential commercial and industrial properties,

1 these properties often escape reassessment at full market value
2 upon a change in ownership.

3 (d) As a result of these assessment anomalies, despite rapid
4 economic growth during the 1990s which increased the value of
5 nonresidential commercial and industrial properties, the share of
6 real property taxes paid by nonresidential commercial and
7 industrial property owners decreased, while the share of real
8 property taxes paid by residential property owners (e.g.
9 homeowners) increased.

10 (e) Failure to capture the rising land values of nonresidential
11 commercial and industrial properties that have undergone a
12 change in ownership has a range of negative consequences,
13 including, but not limited to:

14 (1) Hampering the ability of local governments to build new
15 infrastructure and provide vital services.

16 (2) Imposing a disproportionate property tax burden on newly
17 constructed properties when compared to existing properties.

18 (3) Encouraging local governments to foster sales
19 tax-generating retail development rather than fostering
20 job-creating investments such as manufacturing.

21 (f) Therefore, it is the intent of the Legislature in enacting this
22 act to specify those circumstances under which nonresidential
23 commercial and industrial property undergoes a change in
24 ownership, to ensure that all real property is assessed at fair market
25 value when that real property undergoes a change in ownership.

26 SEC. 2. Section 64 of the Revenue and Taxation Code is
27 amended to read:

28 64. (a) Except as provided in subdivision (i) of Section 61
29 and subdivisions (c) and (d), the purchase or transfer of ownership
30 interests in legal entities, including, but not limited to, corporate
31 stock or partnership or limited liability company interests, shall
32 not be deemed to constitute a transfer of the real property of the
33 legal entity. This subdivision applies to the purchase or transfer of
34 ownership interests in a partnership without regard to whether it
35 is a continuing or a dissolved partnership.

36 (b) Any corporate reorganization, where all of the corporations
37 involved are members of an affiliated group, and that qualifies as
38 a reorganization under Section 368 of the United States Internal
39 Revenue Code and that is accepted as a nontaxable event by similar
40 California statutes, or any transfer of real property among

1 members of an affiliated group, or any reorganization of farm
2 credit institutions pursuant to the federal Farm Credit Act of 1971
3 (Public Law 92-181), as amended, shall not be a change of
4 ownership. The taxpayer shall furnish proof, under penalty of
5 perjury, to the assessor that the transfer meets the requirements of
6 this subdivision.

7 For purposes of this subdivision, “affiliated group” means one
8 or more chains of corporations connected through stock ownership
9 with a common parent corporation if both of the following
10 conditions are met:

11 (1) One hundred percent of the voting stock, exclusive of any
12 share owned by directors, of each of the corporations, except the
13 parent corporation, is owned by one or more of the other
14 corporations.

15 (2) The common parent corporation owns, directly, 100
16 percent of the voting stock, exclusive of any shares owned by
17 directors, of at least one of the other corporations.

18 (c) (1) When a corporation, partnership, limited liability
19 company, other legal entity, or any other person obtains control
20 through direct or indirect ownership or control of more than 50
21 percent of the voting stock of any corporation, or obtains a
22 majority ownership interest in any partnership, limited liability
23 company, or other legal entity through the purchase or transfer of
24 corporate stock, partnership, or limited liability company interest,
25 or ownership interests in other legal entities, including any
26 purchase or transfer of 50 percent or less of the ownership interest
27 through which control or a majority ownership interest is obtained,
28 the purchase or transfer of that stock or other interest shall be a
29 change of ownership of the real property owned by the
30 corporation, partnership, limited liability company, or other legal
31 entity in which the controlling interest is obtained.

32 (2) On or after January 1, 1996, when an owner of a majority
33 ownership interest in any partnership obtains all of the remaining
34 ownership interests in that partnership or otherwise becomes the
35 sole partner, the purchase or transfer of the minority interests,
36 subject to the appropriate application of the step-transaction
37 doctrine, shall not be a change in ownership of the real property
38 owned by the partnership.

39 (d) If property is transferred on or after March 1, 1975, to a
40 legal entity in a transaction excluded from change in ownership by

1 paragraph (2) of subdivision (a) of Section 62, then the persons
2 holding ownership interests in that legal entity immediately after
3 the transfer shall be considered the “original coowners.”
4 Whenever shares or other ownership interests representing
5 cumulatively more than 50 percent of the total interests in the
6 entity are transferred by any of the original coowners in one or
7 more transactions, a change in ownership of that real property
8 owned by the legal entity shall have occurred, and the property that
9 was previously excluded from change in ownership under the
10 provisions of paragraph (2) of subdivision (a) of Section 62 shall
11 be reappraised.

12 The date of reappraisal shall be the date of the transfer of the
13 ownership interest representing individually or cumulatively more
14 than 50 percent of the interests in the entity.

15 A transfer of shares or other ownership interests that results in
16 a change in control of a corporation, partnership, limited liability
17 company, or any other legal entity is subject to reappraisal as
18 provided in subdivision (c) rather than this subdivision.

19 (e) To assist in the determination of whether a change of
20 ownership has occurred under subdivisions (c) and (d), the
21 Franchise Tax Board shall include a question in substantially the
22 following form on returns for partnerships, banks, and
23 corporations (except tax-exempt organizations):
24

25 If the corporation (or partnership or limited liability company)
26 owns real property in California, has cumulatively more than 50
27 percent of the voting stock (or more than 50 percent of total interest
28 in both partnership or limited liability company capital and
29 partnership or limited liability company profits) (1) been
30 transferred by the corporation (or partnership or limited liability
31 company) since March 1, 1975, or (2) been acquired by another
32 legal entity or person during the year? (See instructions.)
33

34 If the entity answers “yes” to (1) or (2) in the above question
35 or does not respond, then the Franchise Tax Board shall furnish the
36 names and addresses of that entity and of the stock or partnership
37 or limited liability company ownership interest transferees to the
38 State Board of Equalization.
39

SEC. 3. Section 471 is added to the Revenue and Taxation Code, to read:

471. (a) (1) On or before March 1, 2004, and on or before March 1 of each year thereafter, each publicly traded company shall file a real property statement with the State Board of Equalization at its office in Sacramento. Upon receiving this real property statement, the board shall, as soon as practical, transmit any relevant information contained in the statement to the assessors of the counties in which the property described in the statement is located.

(2) The first real property statement filed by a publicly traded company shall list, by county, the real property that the company owns or leases in the state, as of December 31 of the prior calendar year, and shall identify this real property by assessor parcel number. *For purposes of this section, "the real property that the company leases in the state" includes only real property leases that had an original term or that have a remaining term of 35 years or longer, including renewable options.*

(3) Subsequent real property statements filed by a publicly traded company shall be limited to the listing of the real property transfers *and acquisitions* made by the company during the immediately preceding calendar year in each county and shall identify the assessor parcel number of the real property so transferred *and acquired*.

(b) If a publicly traded company is required to file a real property statement pursuant to this section and fails to do so, or fails to file a real property statement that contains all of the information specified in subdivision (a) by April 15, the company is liable for a penalty equal to 10 percent of the current year's taxes ~~on all of the real property owned by the company in the state~~ *the real property that was required to be reported on the property statement but that was not reported, regardless of the owner of that property on the date that the property statement was due.* This penalty shall be added to the assessment roll in each applicable county and shall be collected like any other delinquent property taxes, and is subject to the same penalties for nonpayment. A penalty may not be imposed pursuant to this subdivision solely because a real property statement does not, due to a reasonable error or a reasonable omission, contain all of the information specified in subdivision (a).

(c) This section does not apply to property that is assessed by the State Board of Equalization pursuant to Section 19 of Article XIII of the California Constitution.

(d) As used in this section, “publicly traded company” means a corporation or other legal entity that is subject to the filing requirements of the United States Securities and Exchange Commission *and that owns real property in California*.

SEC. 4. Section 480.1 of the Revenue and Taxation Code is amended to read:

480.1. (a) Whenever there is a change in control of any corporation, partnership, limited liability company, or other legal entity, as defined in subdivision (c) of Section 64, a signed change in ownership statement as provided for in subdivision (b), shall be filed by the person or legal entity acquiring ownership control of the corporation, partnership, limited liability company, or other legal entity with the board at its office in Sacramento.

(b) The change in ownership statement as required pursuant to subdivision (a), shall be declared to be true under penalty of perjury and shall give any information relative to the ownership control acquisition transaction as the board shall prescribe after consultation with the California Assessors’ Association. The information shall include, but not be limited to, a description of the property, including the county in which it is located and the assessor’s parcel number, owned by the corporation, partnership, limited liability company, or other legal entity, the parties to the transaction, and the date of the ownership control acquisition. The change in ownership statement shall not include any question which is not germane to the assessment function. The statement shall contain a notice that is printed, with the title *in* at least 12-point boldface type and the body in at least 8-point boldface type, in the following form:

~~“Important Notice”~~

~~“The law requires any person or legal entity acquiring ownership control in any corporation, partnership, limited liability company, or other legal entity owning real property in California subject to local property taxation to complete and file a change in ownership statement with the State Board of Equalization at its office in Sacramento. The change in ownership statement must be~~

~~filed within 60 days from the date of the change in control of a corporation, partnership, limited liability company, or other legal entity. The failure to do so results in a penalty of the greater of (1) 10 percent of the current year's taxes on all of the real property owned by the corporation, partnership, limited liability company, or legal entity in the state, which penalty shall be added to the assessment roll in each applicable county, or (2) ten thousand dollars (\$10,000), which penalty shall be added to the assessment roll in the county in which the property that underwent a change in ownership is located. In addition, a corporation, partnership, limited liability company, or other legal entity that misrepresents the occurrence or nonoccurrence of a change in ownership on a change in ownership statement results in a penalty of the greater of (1) 25 percent of the current year's taxes on all of the real property owned by the corporation, partnership, limited liability company, or other legal entity in the state, which penalty shall be added to the assessment roll in each applicable county, or (2) twenty-five thousand dollars (\$25,000), which penalty shall be added to the assessment roll in the county in which the property that underwent a change in ownership is located. The penalties described in this statement will be collected like any other delinquent property taxes and are subject to the same penalties for nonpayment."~~

"Important Notice"

"The law requires any person or legal entity acquiring ownership control in any corporation, partnership, limited liability company, or other legal entity owning real property in California that is subject to local property taxation to complete and file a change in ownership statement with the State Board of Equalization at its office in Sacramento. The change in ownership statement must be filed within 60 days from the date of the change in control of a corporation, partnership, limited liability company, or other legal entity. The failure to file a change in ownership statement within 60 days results in a penalty on each property subject to reassessment due to the change in control of the greater of (1) \$1,000 or (2) 10 percent of the taxes applicable to the new base year value reflecting the change in control of the real property owned by the corporation, partnership, limited liability company,

1 or legal entity. In addition, a corporation, partnership, limited
2 liability company, or other legal entity that misrepresents the
3 nonoccurrence of a change in ownership on a change in ownership
4 statement results in a penalty on each property subject to
5 reassessment due to the change in control of the greater of (1)
6 \$2,500 or (2) 25 percent of the taxes applicable to the new base
7 year value reflecting the change in control of the real property
8 owned by the corporation, partnership, limited liability company,
9 or legal entity. In addition, a corporation, partnership, limited
10 liability company, or other legal entity that misrepresents the
11 occurrence of a change in ownership on a change in ownership
12 statement results in a penalty for each property owned by the
13 corporation, partnership, limited liability company, or other legal
14 entity in a county equal to the greater of (1) \$2,500 or (2) 25
15 percent of the current year's taxes on each property. These
16 penalties will be added to the assessment roll and will be collected
17 like any other delinquent property taxes, and are subject to the
18 same penalties for nonpayment.”

19
20 (c) In the case of a corporation, the change in ownership
21 statement shall be signed either by an officer of the corporation or
22 an employee or agent who has been designated in writing by the
23 board of directors to sign these statements on behalf of the
24 corporation. In the case of a partnership, limited liability company,
25 or other legal entity, the statement shall be signed by an officer,
26 partner, manager, or an employee or agent who has been
27 designated in writing by the partnership, limited liability
28 company, or legal entity.

29 (d) No person or entity acting for or on behalf of the parties to
30 a transfer of real property shall incur liability for the consequences
31 of assistance rendered to the transferee in preparation of any
32 change in ownership statement, and no action may be brought or
33 maintained against any person or entity as a result of this
34 assistance. This section does not create a duty, either directly or by
35 implication, that assistance be rendered by any person or entity
36 acting for or on behalf of parties to a transfer of real property.

37 (e) The board or assessors may inspect any and all records and
38 documents of a corporation, partnership, limited liability
39 company, or legal entity to identify its real property and to
40 ascertain whether a change in control as defined in subdivision (c)

of Section 64 has occurred. The corporation, partnership, limited liability company, or legal entity shall upon request, make these records and documents available to the board during normal business hours.

(f) This section does not apply to changes in ownership of property that is assessed by the State Board of Equalization pursuant to Section 19 of Article XIII of the California Constitution.

SEC. 5. Section 480.2 of the Revenue and Taxation Code is amended to read:

480.2. (a) Whenever there is a change in ownership of any corporation, partnership, limited liability company, or other legal entity, as defined in subdivision (d) of Section 64, a signed change in ownership statement as provided in subdivision (b) shall be filed by the corporation, partnership, limited liability company, or other legal entity with the board at its office in Sacramento.

(b) The change in ownership statement required pursuant to subdivision (a) shall be declared to be true and under penalty of perjury and shall give any information relative to the ownership interest acquisition transaction as the board shall prescribe after consultation with the California Assessors' Association. The information shall include, but not be limited to, a description of the property, including the county in which it is located and the assessor's parcel number, owned by the corporation, partnership, limited liability company, or other legal entity, the parties to the transaction, the date of the ownership interest acquisition, and a listing of the "original coowners" of the corporation, partnership, limited liability company, or other legal entity prior to the transaction. The change in ownership statement shall not include any question which is not germane to the assessment function. The statement shall contain a notice that is printed, with the title in at least 12-point boldface type and the body in at least 8-point boldface type, in the following form:

~~"Important Notice"~~

~~"The law requires any corporation, partnership, limited liability company, or other legal entity owning real property in California subject to local property taxation and transferring shares or other ownership interest in that legal entity which constitute a change in~~

~~ownership pursuant to subdivision (d) of Section 64 of the Revenue and Taxation Code to complete and file a change in ownership statement with the State Board of Equalization at its office in Sacramento. The change in ownership statement must be filed within 60 days from the date that shares or other ownership interests representing cumulatively more than 50 percent of the total control or ownership interests in the entity are transferred by any of the original coowners in one or more transactions. The failure to do so results in a penalty of the greater of (1) 10 percent of the current year's taxes on all of the real property owned by the corporation, partnership, limited liability company, or legal entity in the state, which penalty shall be added to the assessment roll in each applicable county, or (2) ten thousand dollars (\$10,000), which penalty shall be added to the assessment roll in the county in which the property that underwent a change in ownership is located. In addition, a corporation, partnership, limited liability company, or other legal entity that misrepresents the occurrence or nonoccurrence of a change in ownership on a change in ownership statement results in a penalty of the greater of (1) 25 percent of the current year's taxes on all of the real property owned by the corporation, partnership, limited liability company, or other legal entity in the state, which penalty shall be added to the assessment roll in each applicable county, or (2) twenty five thousand dollars (\$25,000), which penalty shall be added to the assessment roll in the county in which the property that underwent a change in ownership is located. The penalties described in this statement will be collected like any other delinquent property taxes and are subject to the same penalties for nonpayment."~~

"Important Notice"

"The law requires any corporation, partnership, limited liability company, or other legal entity owning real property in California that is subject to local property taxation and transferring shares or other ownership interest in that legal entity which constitute a change in ownership pursuant to subdivision (d) of Section 64 of the Revenue and Taxation Code to complete and file a change in ownership statement with the State Board of Equalization at its office in Sacramento. The change in ownership statement must be filed within 60 days from the date that shares or

1 other ownership interests representing cumulatively more than 50
2 percent of the total control or ownership interests in the entity are
3 transferred by any of the original coowners in one or more
4 transactions. The failure to file a change in ownership statement
5 within 60 days of the change in ownership results in a penalty on
6 each property subject to reassessment due to the change in
7 ownership of the greater of (1) \$1,000 or (2) 10 percent of the taxes
8 applicable to the new base year value reflecting the change in
9 ownership of the real property owned by the corporation,
10 partnership, limited liability company, or legal entity. In addition,
11 a corporation, partnership, limited liability company, or other
12 legal entity that misrepresents the nonoccurrence of a change in
13 ownership on a change in ownership statement results in a penalty
14 on each property subject to reassessment due to the change in
15 control of the greater of (1) \$2,500 or (2) 25 percent of the taxes
16 applicable to the new base year value reflecting the change in
17 control of the real property owned by the corporation, partnership,
18 limited liability company, or legal entity. In addition, a
19 corporation, partnership, limited liability company, or other legal
20 entity that misrepresents the occurrence of a change in ownership
21 on a change in ownership statement results in a penalty for each
22 property owned by the corporation, partnership, limited liability
23 company, or other legal entity in the county equal to the greater of
24 (1) \$2,500 or (2) 25 percent of the current year's taxes on each
25 property. These penalties will be added to the assessment roll and
26 will be collected like any other delinquent property taxes, and are
27 subject to the same penalties for nonpayment."

28
29 (c) In the case of a corporation, the change in ownership
30 statement shall be signed either by an officer of the corporation or
31 an employee or agent who has been designated in writing by the
32 board of directors to sign these statements on behalf of the
33 corporation. In the case of a partnership, limited liability company,
34 or other legal entity, the statement shall be signed by an officer,
35 partner, manager, or an employee or agent who has been
36 designated in writing by the partnership, limited liability
37 company, or legal entity.

38 (d) No person or entity acting for or on behalf of the parties to
39 a transfer of real property shall incur liability for the consequences
40 of assistance rendered to the transferee in preparation of any

1 change in ownership statement, and no action may be brought or
2 maintained against any person or entity as a result of this
3 assistance. This section does not create a duty, either directly or by
4 implication, that assistance be rendered by any person or entity
5 acting for or on behalf of parties to a transfer of real property.

6 (e) The board or assessors may inspect any and all records and
7 documents of a corporation, partnership, limited liability
8 company, or legal entity to identify its real property and to
9 ascertain whether a change in ownership as defined in subdivision
10 (d) of Section 64 has occurred. The corporation, partnership,
11 limited liability company, or legal entity shall upon request, make
12 these records and documents available to the board during normal
13 business hours.

14 (f) This section does not apply to changes in ownership of
15 property that is assessed by the State Board of Equalization
16 pursuant to Section 19 of Article XIII of the California
17 Constitution.

18 SEC. 6. Section 482 of the Revenue and Taxation Code is
19 amended to read:

20 482. (a) If a person or legal entity required to file a statement
21 described in Section 480 fails to do so within 45 days from the date
22 of a written request by the assessor, a penalty of either: (1) one
23 hundred dollars (\$100), or (2) 10 percent of the taxes applicable
24 to the new base year value reflecting the change in ownership of
25 the real property or manufactured home, whichever is greater, but
26 not to exceed two thousand five hundred dollars (\$2,500) if the
27 failure to file was not willful, shall, except as otherwise provided
28 in this section, be added to the assessment made on the roll. The
29 penalty shall apply for failure to file a complete change in
30 ownership statement notwithstanding the fact that the assessor
31 determines that no change in ownership has occurred as defined in
32 Chapter 2 (commencing with Section 60) of Part 0.5. The penalty
33 may also be applied if after a request the transferee files an
34 incomplete statement and does not supply the missing information
35 upon a second request.

36 ~~(b) (1) If a person or legal entity required to file a statement~~
37 ~~described in Section 480.1 or 480.2 fails to do so within 60 days~~
38 ~~from the date of a change in ownership, as defined in subdivision~~
39 ~~(c) or (d) of Section 64, the person or legal entity shall pay a~~
40 ~~penalty equal to the greater of the following:~~

1 ~~(A) Ten percent of the current year's taxes on all of the real~~
2 ~~property owned by the corporation, partnership, limited liability~~
3 ~~company, or other legal entity in the state, which penalty shall be~~
4 ~~added to the assessment roll in each applicable county.~~

5 ~~(B) Ten thousand dollars (\$10,000), which penalty shall be~~
6 ~~added to the assessment roll in the county in which the property~~
7 ~~that underwent a change in ownership is located.~~

8 ~~(2) If a person or legal entity is required to file a statement~~
9 ~~described in Section 480.1 or 480.2 and misrepresents the~~
10 ~~occurrence or nonoccurrence of a change in ownership on a change~~
11 ~~in ownership statement, the person or legal entity shall pay a~~
12 ~~penalty equal to the greater of the following:~~

13 ~~(A) Twenty-five percent of the current year's taxes on all of the~~
14 ~~real property owned by the corporation, partnership, limited~~
15 ~~liability company, or other legal entity in the state, which penalty~~
16 ~~shall be added to the assessment roll in each applicable county.~~

17 ~~(B) Twenty-five thousand dollars (\$25,000), which penalty~~
18 ~~shall be added to the assessment roll in the county in which the~~
19 ~~property that underwent a change in ownership is located.~~

20 ~~(3) The penalties described in this subdivision shall be~~
21 ~~collected like any other delinquent property taxes and are subject~~
22 ~~to the same penalties for nonpayment.~~

23 *(b) (1) (A) If a person or legal entity that is required to file a*
24 *statement described in Section 480.1 or 480.2 fails to do so within*
25 *60 days of the date of the change in control or change in ownership,*
26 *the person or entity shall pay a penalty equal to the greater of:*

27 *(i) One thousand dollars (\$1,000) on each property subject to*
28 *reassessment due to the change in control or change in ownership.*

29 *(ii) Ten percent of the taxes applicable to each new base year*
30 *value reflecting the change in control or change in ownership of*
31 *the real property owned by the corporation, partnership, or legal*
32 *entity.*

33 *(B) If a corporation, partnership, limited liability company, or*
34 *other legal entity is required to file a statement described in Section*
35 *480.1 or 480.2 and misrepresents the nonoccurrence of a change*
36 *in control or change in ownership on that statement, the*
37 *corporation, partnership, limited liability company, or other legal*
38 *entity shall pay a penalty on each property subject to reassessment*
39 *due to the change in control or change in ownership equal to the*
40 *greater of:*

1 (i) Two thousand five hundred dollars (\$2,500).

2 (ii) Twenty-five percent of the taxes applicable to each new
3 base year value reflecting the change in ownership of the real
4 property owned by the corporation, partnership, limited liability
5 company, or legal entity.

6 (C) If a corporation, partnership, limited liability company, or
7 other legal entity is required to file a statement described in Section
8 480.1 or 480.2 and misrepresents the occurrence of a change in
9 control or change in ownership on that statement, the corporation,
10 partnership, limited liability company, or other legal entity shall
11 pay a penalty on each property owned by the corporation,
12 partnership, limited liability company, or other legal entity in the
13 county equal to the greater of:

14 (i) Two thousand five hundred dollars (\$2,500).

15 (ii) Twenty-five percent of the current year's taxes on the
16 property.

17 (2) (A) The State Board of Equalization may request that any
18 person or a legal entity complete and file a change in ownership
19 statement described in Section 480.1 or 480.2 upon written
20 request. If a person or legal entity requested to file a statement fails
21 to do so within 45 days from the date of a written request by the
22 State Board of Equalization, a penalty of 10 percent of the taxes
23 applicable to each new base year value reflecting the change in
24 control or change in ownership of the real property owned by the
25 corporation, partnership, or legal entity, or 10 percent of the
26 current year's taxes on that property if no change in control or
27 change in ownership occurred, shall be added to the assessment
28 made on the roll. This penalty applies for failure to file a complete
29 requested statement notwithstanding the fact that the board
30 determines that no change in control or change in ownership has
31 occurred as defined in subdivision (c) or (d) of Section 64. This
32 penalty may also be applied if after a request the person or legal
33 entity files an incomplete statement and does not supply the
34 missing information upon a second request.

35 (B) The penalty described in this paragraph is in addition to the
36 penalties described in paragraph (1). However, the penalty added
37 by this paragraph shall be automatically extinguished in either of
38 the following circumstances:

39 (i) The person or legal entity files a complete requested
40 statement no later than 60 days after the date on which the person

1 or legal entity is notified of the penalty described in this
2 paragraph.

3 (ii) The person or legal entity had filed a change in ownership
4 statement as required by Section 480.1 or 480.2 within 60 days of
5 the change in control or change in ownership for which the written
6 board request pertains.

7 (3) If real property escapes taxation or is underassessed
8 following a change in ownership or change in control, the
9 provisions of paragraph (3) of subdivision (b) of Section 532 may
10 apply.

11 (c) The penalty for failure to file a timely statement pursuant to
12 Section 480 for any one transfer may be imposed only one time,
13 even though the assessor may initiate a request as often as he or she
14 deems necessary.

15 (d) ~~Except as provided in subdivision (b), the~~ The penalty shall
16 be added to the roll in the same manner as a special assessment and
17 treated, collected, and subject to the same penalties for the
18 delinquency as all other taxes on the roll in which it is entered.

19 (1) When the transfer to be reported under this section is of a
20 portion of a property or parcel appearing on the roll during the
21 ~~fiscal year in which the 45-day period expires, the current year's~~
22 *fiscal year in which, as applicable, the 45-day or 60-day period*
23 *expires, the current year's* taxes shall be prorated so the penalty
24 will be computed on the proportion of property which has
25 transferred.

26 (2) Any penalty added to the roll pursuant to this section
27 between January 1 and June 30 may be entered either on the
28 unsecured roll or the roll being prepared. After January 1, the
29 penalty may be added to the current roll only with the approval of
30 the tax collector.

31 (3) If the property is transferred or conveyed to a bona fide
32 purchaser for value or becomes subject to a lien of a bona fide
33 encumbrancer for value after the transfer of ownership resulting
34 in the imposition of the penalty and before the enrollment of the
35 penalty, the penalty shall be entered on the unsecured roll in the
36 name of the transferee whose failure to file the change in
37 ownership statement resulted in the imposition of the penalty.

38 (e) When a penalty imposed pursuant to this section is entered
39 on the unsecured roll, the tax collector may immediately file a
40 certificate authorized by Section 2191.3.

1 (f) Notice of any penalty added to either the secured or
2 unsecured roll pursuant to this section shall be mailed by the
3 assessor to the transferee at his or her address contained in any
4 recorded instrument or document evidencing a transfer of an
5 interest in real property or manufactured home or at any address
6 reasonably known to the assessor.

7 *SEC. 7. Section 486 is added to the Revenue and Taxation*
8 *Code, to read:*

9 *486. In addition to any other remedies described in this*
10 *article, if any person fails to furnish any information or records*
11 *that are required by this article to be furnished upon a request of*
12 *the State Board of Equalization for the purpose of securing change*
13 *in ownership information required for assessment purposes or*
14 *securing real property ownership information pursuant to Section*
15 *471, the State Board of Equalization may issue subpoenas for the*
16 *attendance of witnesses or the production of information or*
17 *records in accordance with Section 15613 of the Government*
18 *Code.*

